

**COUNTY COUNCIL  
OF  
HARFORD COUNTY, MARYLAND**

**BILL NO. 07-17**

Introduced by Council President Boniface at the request of the County Executive

Legislative Session Day No. 07-17

Date: May 29, 2007

**A BILL to authorize and empower Harford County, Maryland to borrow, on its full faith and credit, and issue and sell its bonds or other form of indebtedness therefor, in an amount not to exceed Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000) principal amount, the proceeds thereof to be used for the expansion, reconstruction, rehabilitation, renovation and improvement of certain water and sewer system projects as described in the Annual Budget and Appropriation Ordinance, as amended, Bill No. 07-13, for the year ending June 30, 2008 and as described in this Bill (collectively the "Projects") in accordance with Section 524 of the Charter of Harford County ("Charter") and Section 123-40 and 256-26 of the Code of Harford County ("Code") or as otherwise permitted by law; authorizing the County**

By the Council, May 29, 2007

Introduced, read first time, ordered posted and public hearing scheduled

on: July 10, 2007

at: 7:00 p.m.

By Order: Barbara J. O'Connor, Council Administrator

**PUBLIC HEARING**

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on July 10, 2007, and concluded on July 10, 2007.

Barbara J. O'Connor Council Administrator

**EXPLANATION:**

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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OF  
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**BILL NO. 07-17**

Introduced by Council President Boniface at the request of the County Executive

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**Council of Harford County, Maryland to adopt an administrative resolution that shall provide for the form of instrument by which any indebtedness or financing obligation is to be evidenced, the manner by which any indebtedness, line of credit, financing lease or similar obligation may be secured and the rate(s) of interest to be paid, and generally for such other matters as may be deemed appropriate by the County Council of Harford County, Maryland in connection therewith and authorizing the County Executive of Harford County, Maryland by Executive Order, to determine the form of various documents as are necessary to implement the financing authorized herein, the manner of issuance and delivery of any evidences of indebtedness, the payment of all necessary expenses in connection therewith, the method by which**

By the Council, \_\_\_\_\_

Introduced, read first time, ordered posted and public hearing scheduled

on: July 10, 2007

at:

By Order: \_\_\_\_\_, Council Administrator

**PUBLIC HEARING**

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on \_\_\_\_\_, and concluded on \_\_\_\_\_.

\_\_\_\_\_, Council Administrator

**EXPLANATION:**

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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**such evidences of indebtedness shall be sold, maturity schedule, and redemption provisions; authorizing the appointment of certain agents; and otherwise generally relating to the issuance, sale, delivery and payment of any such evidences of indebtedness or financing obligations; providing that such indebtedness shall be issued upon the full faith and credit of Harford County, Maryland; providing for the issuance of bond anticipation notes upon passage of a resolution by the County Council of Harford County, Maryland approving the interest rate or rates on said bond anticipation notes for all or a portion of the Projects described herein, for which the proceeds of sale of the bond anticipation notes shall be used; providing that after the issuance of the bond anticipation notes (or other form of indebtedness), or any renewal thereof, the County Council of Harford County, Maryland shall authorize the issuance of bonds to pay said bond anticipation notes (or other form of indebtedness);**

By the Council, \_\_\_\_\_

Introduced, read first time, ordered posted and public hearing scheduled

on: July 10, 2007

at:

By Order: \_\_\_\_\_, Council Administrator

**PUBLIC HEARING**

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on \_\_\_\_\_, and concluded on \_\_\_\_\_.

\_\_\_\_\_, Council Administrator

**EXPLANATION:**

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# BILL NO. 07-17

## COUNTY COUNCIL OF HARFORD COUNTY, MARYLAND

### BILL NO. 07-17

Introduced by Council President Boniface at the request of the County Executive

Legislative Session Day No. 07-17

Date: May 29, 2007

**providing that upon written recommendation of the County Executive and resolution of the County Council of Harford County, Maryland, all or a portion of the indebtedness authorized herein may be incurred pursuant to loans or evidence of indebtedness with the Maryland Water Quality Financing Administration ("Administration"); providing for disbursement of the proceeds of the sale of such bonds and for the levying of charges, assessments and all taxes necessary to provide payment of the principal and interest on such bonds; providing that certain additional matters may be determined by resolution of the County Council of Harford County, Maryland or may be reserved unto the County Executive as prescribed by such resolution; providing the method of fixing the interest rates to be borne by such bonds and generally providing for and determining various matters in connection therewith; and generally relating to funding of certain water and sewer capital projects.**

By the Council, \_\_\_\_\_

Introduced, read first time, ordered posted and public hearing scheduled

on: July 10, 2007

at:

By Order: \_\_\_\_\_, Council Administrator

### **PUBLIC HEARING**

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on \_\_\_\_\_, and concluded on \_\_\_\_\_.

\_\_\_\_\_, Council Administrator

#### EXPLANATION:

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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1 WHEREAS, in accordance with the provisions of Section 406 of the Charter of Harford  
2 County, the Director of Planning has heretofore transmitted to the County Executive the  
3 recommendations of the Planning and Advisory Board for certain Capital Improvements; and

4 WHEREAS, in accordance with the provisions of Section 505 of the Charter of Harford  
5 County, the County Executive has reviewed such recommendations in light of the existing capital  
6 programs and the County Executive and the Director of Administration have included such  
7 recommendations for capital improvements, as amended, in the proposed Capital Program which has  
8 been submitted to the County Council of Harford County, Maryland and the County Council of  
9 Harford County, Maryland has adopted a Capital Program and Capital Budget for the year ending  
10 June 30, 2008, pursuant to Bill No. 07-13, As Amended; and

11 WHEREAS, upon request of the County Executive and Resolution of the County Council of  
12 Harford County, Maryland, Harford County may sell bond anticipation notes in an amount not  
13 greater than the amount of bonds authorized herein, in anticipation of the subsequent sale of the  
14 bonds, for all or a portion of the cost of the projects described herein in accordance with the  
15 provisions of Article 31, Section 12 of the Annotated Code of Maryland (2003 Replacement  
16 Volume; 2006 Supplement); and

17 WHEREAS, as a part of the said Capital Program and the said Capital Budget, it is necessary  
18 that Harford County, Maryland, borrow a sum not exceeding Ninety-Six Million Eight Hundred  
19 Ninety-Five Thousand Dollars (\$96,895,000) to be used to finance the cost of the acquisition,  
20 construction, reconstruction, improvement, extension, site acquisition, architectural and engineering  
21 services, and furnishings and equipment for the Projects, including financial, legal and planning  
22 expenses related thereto; and

23 WHEREAS, the County Council of Harford County, Maryland has authority to incur debts  
24 on behalf of Harford County, Maryland; and

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1 WHEREAS, the County Council of Harford County, Maryland is hereby authorized to enact  
2 a Bill adopted in accordance with Section 524 of the Charter of Harford County and other applicable  
3 provisions of law providing for the issuance and sale and for the designation, form, tenor,  
4 denomination, maturities, and the interest rates payable on any bonds or other form of indebtedness  
5 issued under this Bill; and to levy annually *ad valorem* taxes upon the assessable property within the  
6 County sufficient, together with other taxes and other available funds, to provide for the payment of  
7 the interest on and principal of any bonds so issued; and

8 WHEREAS, the proposed bond issue or other form of indebtedness is within the legal  
9 limitation on the indebtedness of Harford County, Maryland; and

10 WHEREAS, it is necessary to provide funds for the construction, reconstruction,  
11 improvement, extension, acquisition, alteration, repair and modernization, the cost of acquiring any  
12 sites, making site improvements, architectural and engineering services, including preparation of  
13 plans, drawings and specifications, the development of the grounds and landscaping thereof,  
14 financial, legal and planning expenses and all customary appurtenances and equipment for the  
15 Projects; and

16 WHEREAS, after written recommendation of the County Executive, public hearing and  
17 affirmative vote of at least four (4) members of the County Council of Harford County, Maryland,  
18 the capital budget authorizing the Projects has been amended and adopted; and

19 WHEREAS, the financing or indebtedness herein authorized, including the aggregate  
20 principal amount of bonds or other indebtedness in an amount not to exceed Ninety-Six Million  
21 Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000), and interest rate(s), shall be evidenced  
22 and incurred pursuant to a resolution or resolutions ("Resolution") to be adopted by the County  
23 Council of Harford County, Maryland upon written recommendation of the County Executive,  
24 pursuant to this Bill and other terms of sale, including, but not limited to, maturity schedule,

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redemption provisions, form of bond and date of sale shall be determined by the County Executive of Harford County, Maryland, by Executive Order; and

WHEREAS, as an alternative to the indebtedness authorized herein, Harford County, Maryland may incur all or a portion of such indebtedness with the Administration.

NOW, THEREFORE, IN ACCORDANCE WITH THE PROVISIONS OF THE CHARTER, THE CODE AND THE LAWS OF THE STATE OF MARYLAND:

SECTION 1. Be it enacted by the County Council of Harford County, Maryland that, acting pursuant to the authority of the Charter, the Code and the laws of the State of Maryland, Harford County, Maryland (the "County") hereby authorizes and approves the incurring of debt or the payment of purchase price or rental installments for the purpose of financing a portion of the capital cost of capital equipment, improvements, extensions, modifications, alterations, or any combination thereof to the property of the County, including water and sewer systems in the County; together with the acquisition of all necessary property rights and equipment, and all related architectural, financial, legal, planning, design and engineering expenses associated with such capital equipment, improvements, extensions, modifications or alterations including:

<u>Project</u>	<u>Amount to be Borrowed</u>
Abingdon Road Water Main Parallel	500,000
Abingdon Water Treatment Plant Expansion	76,000,000
Baltimore City Connection	1,000,000
Bush Creek Pump Station 4 <sup>th</sup> Pump	860,000
Church Creek PS Replacement	9,000,000
Glenn Heights Water Petition	700,000
Harford Estates Pump Station Abandonment	1,465,000
Haverhill Pump Station Replacement	300,000
Havre de Grace WTP Solids Management	5,400,000
Lower Bynum Run Parallel	1,100,000
Riviera Drive Pump Station Replacement	200,000
Route 24 Water Transmission	160,000
Winters Run Pump Station Outfall	<u>210,000</u>
<b>TOTAL 2008 BONDS</b>	<b>96,895,000</b>

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1 The principal amount of indebtedness to be incurred hereunder shall not exceed Ninety-Six Million  
2 Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000).

3 SECTION 2. And be it further enacted by the County Council of Harford County, Maryland  
4 that prior to the issuance, sale and delivery of any bonds, bond anticipation notes, notes, evidences of  
5 indebtedness, line of credit, lease/leaseback financing, financing lease or installment purchase  
6 obligation in reliance on this Bill, the County Council of Harford County, Maryland shall (without  
7 limitation) determine administratively in the Resolution:

8 (a) the form of instruments or agreements by which the debt or financing  
9 authorized herein shall be evidenced (including, but not limited to, bonds, bond anticipation notes,  
10 notes (or other form of indebtedness), book entry, community participation bonds, letters of credit,  
11 trust agreements, trust indentures, lease/leaseback financing, financing or installment purchase lease  
12 or similar financing agreement, or participation in any "bond bank" or bond pooling arrangement  
13 administered by the State of Maryland or a subsidiary entity of it);

14 (b) the manner, if any, by which any indebtedness or financing shall be secured  
15 (including, but not limited to, a pledge of the revenues from the County's water and sewer system or  
16 any other appropriate revenue stream, a letter or letters of credit, bond or other such insurance and a  
17 pledge of the full faith and credit and unlimited taxing power of the County):

18 (c) the rate or rates of interest or method of determining such rate or rates; and

19 (d) whether the financing is to be accomplished by public sale, private  
20 (negotiated) sale or by private placement.

21 The Resolution shall be deemed to be of an administrative nature and shall be effective upon  
22 the date specified in the Resolution.



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SECTION 3. And be it further enacted by the County Council of Harford County, Maryland that the County Executive of Harford County, Maryland shall determine the following matters by Executive Order:

(a) the principal amounts, date, denominations, maturity payment provisions and prepayment, tender and/or redemption provisions (if any) and other terms and conditions thereof;

(b) the substantially final form and contents and consent to the distribution (and shall authorize the execution and delivery, where applicable) of various agreements and documents as are necessary to implement the financing authorized herein, including, but not limited to, a Preliminary Official Statement and/or an Official Statement, and in the event any evidence of indebtedness is sold through competitive bidding, a Notice of Sale, and in the event any evidence of indebtedness is sold by private (negotiated) sale, a Purchase Contract with the Underwriter(s) thereof, and if any indebtedness is issued in book entry form, securities depository agreements, (collectively the "Documents"), required for the issuance, sale and delivery of any evidence of indebtedness or the completion of the financing authorized herein, which Documents shall contain such provisions as may be required by law or to consummate the financing authorized herein;

(c) the manner in which any evidence of indebtedness, lease financing or installment purchase obligation shall be executed, sealed and attested (which may be by facsimile signature and/or seal);

(d) provision for the payment of all necessary expenses of preparing, printing and selling any evidence of indebtedness and the Documents including, without limitation, any and all costs, fees and expenses incurred by or on behalf of the County in connection with the authorization, issuance, sale and delivery of any bonds or notes, and all costs incurred in connection with the development of the Documents, including the fees of counsel to the County, and compensation to any persons (other than full-time employees of the County) or entities performing services for or on

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1 behalf of the County in connection therewith and in connection with all other transactions  
2 contemplated by this Bill regardless of whether the proposed financing is consummated;

3 (e) the name or designation of the indebtedness, provided that unless otherwise  
4 designated, the indebtedness shall be known as Harford County Water and Sewer Bonds of 2008;

5 (f) such other matters in connection with the consummation of the financing  
6 transactions contemplated by this Bill as may be deemed appropriate by the County Executive of  
7 Harford County, Maryland, including (without limitation) the appointment of agents (including, but  
8 not limited to, trustees, paying agents, indexing agents and/or registrars) in connection with the  
9 financing, the execution, acknowledgment, sealing and delivery of such other and further  
10 agreements, documents and instruments, and the authorization of the officials of the County to take  
11 any and all actions, as are or may be necessary or appropriate to consummate the transactions  
12 contemplated by this Bill in accordance with the terms hereof and of the Resolution.

13 The Executive Order shall be effective upon the date specified in the Executive Order.

14 SECTION 4. And be it further enacted by the County Council of Harford County, Maryland  
15 that authority is hereby conferred respectively on the County Executive of Harford County,  
16 Maryland (the "County Executive"), the Director of Administration, the Treasurer, the County  
17 Attorney and the Council Administrator of the County Council of Harford County, Maryland, or any  
18 of them, and they are hereby directed to take the following actions on behalf of the County:

19 (a) to execute, acknowledge, seal and deliver the Documents substantially in the  
20 forms determined administratively by the County Council of Harford County, Maryland in the  
21 Resolution; and

22 (b) to execute, acknowledge, seal and deliver such other and further certificates,  
23 certifications, agreements, documents and instruments and take such other acts as they or any one or

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1 more of them may deem necessary or appropriate to consummate the transactions contemplated by  
2 this Bill in accordance with the provisions hereof and of the Resolution.

3 SECTION 5. And be it further enacted by the County Council of Harford County, Maryland  
4 that the Treasurer, or his authorized deputy, is hereby authorized and empowered to prepare and  
5 distribute copies of the Documents to any person who may, in his judgment, be interested in  
6 participating in the financing of the Projects or who may request the same or information with  
7 respect thereto; provided, however, that any preliminary official statement and related material shall  
8 be clearly marked to indicate that they are subject to completion and amendment.

9 SECTION 6. And be it further enacted by the County Council of Harford County, Maryland  
10 that the County intends to provide funds for payment of principal of, premium (if any) and interest  
11 on the bonds, or other indebtedness, from certain funds related to operation of the water and sewer  
12 systems of the County. These funds include area connection charges, special assessments, user  
13 surcharges, system development fees, certain depreciation reserves relating to depreciation of the  
14 water and sewer systems, a portion of the recordation tax received by the County as provided in  
15 Resolution No. 21-82 adopted by the County Council of Harford County, Maryland on May 11,  
16 1982 and earnings on the above-described funds.

17 To the extent any of the above-described funds is specifically designated for payment of debt  
18 service on bonds, or other indebtedness, issued to acquire or construct improvements to the water  
19 and sewer systems of the County, by the legislation establishing the tax, assessment, surcharge or  
20 other source of revenue so designated, and so long as such tax, assessment, surcharge or other  
21 revenue source remains so designated and levied by the County, the County hereby covenants to  
22 apply all such designated revenues to payments of debt service on bonds or other indebtedness issued  
23 to acquire or construct improvements to the water and sewer systems of the County, including the  
24 bonds or other indebtedness.

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1 In the event that the funds described in this Section 6 (whether or not designated for water  
2 and sewage system bond debt service) fail to provide sufficient funds at any time while any of the  
3 bonds or other indebtedness are outstanding for the purpose of paying principal of, premium (if any)  
4 and interest on the bonds or other indebtedness, when due and payable, the County hereby covenants  
5 and agrees, with each of the holders, from time to time, of any of the bonds or other indebtedness,  
6 that it shall promptly cause to be levied against all assessable property within the County annually,  
7 so long as any of the bonds or other indebtedness are outstanding and not paid, an *ad valorem* tax  
8 sufficient in rate and amount to provide for payment of such principal of, premium (if any) and  
9 interest on the bonds or other indebtedness when due. Such tax shall be levied in accordance with  
10 the Charter. The County, by the passage of this Bill, hereby covenants and agrees properly and  
11 promptly to perform all of the respective acts and duties defined in the Charter for the levy and  
12 collection of the aforesaid *ad valorem* tax upon all the assessable property within the corporate limits  
13 of the County, as the levy and collection of such a tax becomes necessary in order to provide for the  
14 payment of principal of, premium (if any) and interest on the bonds or other indebtedness.

15 SECTION 7. And be it further enacted by the County Council of Harford County, Maryland  
16 that if the County Council of Harford County, Maryland determines in the Resolution that it is in the  
17 best interests of the County to sell any evidence of indebtedness, lease/leaseback financing, or lease  
18 financing or installment purchase obligation by private (negotiated) sale, the County Council of  
19 Harford County, Maryland hereby authorizes (a) the appointment of an underwriter (the  
20 "Underwriter") in connection with the sale thereof, and (b) the payment by the County to the  
21 Underwriter out of the proceeds of the sale thereof or otherwise for services rendered in connection  
22 therewith, such compensation to be determined in the Resolution.

23 SECTION 8. And be it further enacted by the County Council of Harford County, Maryland  
24 that the County Executive is hereby authorized and empowered for and on behalf of the County (a)

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1 to cause the preparation, printing, execution and delivery of the Documents, each substantially in the  
2 form provided in the Resolution or in the Executive Order of the County Executive, with such  
3 modifications, supplements or amendments thereto as may be recommended by counsel; and (b) to  
4 do all such things as may be necessary or desirable in the opinion of the County Executive in  
5 connection therewith.

6 SECTION 9. And be it further enacted by the County Council of Harford County, Maryland  
7 that nothing herein contained shall authorize the expenditure of County funds until such time as such  
8 expenditure shall have been appropriated by the County Council of Harford County, Maryland, and  
9 this Bill shall not be construed as authorizing or approving any project not otherwise authorized or  
10 approved by all appropriate legal authorization.

11 SECTION 10. And be it further enacted by the County Council of Harford County, Maryland  
12 that unless changed by the Resolution or the Executive Order, if the indebtedness herein authorized  
13 is represented by bonds: (a) the bonds shall be issued pursuant to the authority of this  
14 Bill and shall be dated October 1, 2007; (b) the bonds shall be issued in the denominations of Five  
15 Thousand Dollars (\$5,000) or any integral multiple thereof, and shall be numbered from one (1)  
16 consecutively upward in the order of their maturities. The bonds shall mature over a period not to  
17 exceed twenty (20) years from their date in twenty (20) annual serial installments beginning in the  
18 year 2008 and ending in the year 2027. The bonds shall mature on October 1 in each of said years as  
19 follows: Three Million Dollars (\$3,000,000) in 2008; Three Million Five Hundred Thousand Dollars  
20 (\$3,500,000) in each of the years 2009 to 2013 inclusive. Five Million Dollars (\$5,000,000) in each  
21 of the years 2014 to 2018, inclusive. Five Million Three Hundred Ninety-Five Thousand Dollars  
22 (\$5,395,000) in each of the years 2019 to 2021, inclusive; Five Million Eight Hundred Thousand  
23 Dollars (\$5,800,000) in each of the years 2022 to 2026, inclusive; and Six Million Two Hundred Ten  
24 Thousand Dollars (\$6,210,000) in 2027. The term and maturity schedule of the bonds or other

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1 indebtedness may be changed, increased or decreased upon Executive Order of the County  
2 Executive, but the aggregate principal amount of indebtedness to be incurred shall not exceed  
3 Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000).

4       SECTION 11. Be it further enacted by the County Council of Harford County, Maryland  
5 that if the indebtedness herein authorized is represented by bonds, the bonds shall bear interest at the  
6 rate or rates named by the successful bidder for the bonds in accordance with the Notice of Sale  
7 hereinafter set forth, as may hereafter be amended, upon written recommendation of the County  
8 Executive, by administrative resolution of the County Council of Harford County, Maryland, and  
9 said interest shall be payable semiannually on the first days of April and October in each of the years  
10 that the bonds are outstanding. Interest on the bonds will be payable by check or draft of the Paying  
11 Agent mailed to the registered owners thereof. The bonds, when issued, shall be executed in the  
12 name of Harford County, Maryland, by the facsimile signature of the County Executive, and a  
13 facsimile of the corporate seal of the County shall be imprinted on each of the bonds attested by the  
14 facsimile signature of the Director of Administration of Harford County and the manual signature of  
15 an authorized officer of the Bond Registrar. The facsimiles of said signatures and said seal shall be  
16 engraved, printed or lithographed on each of the bonds in accordance with, and pursuant to the  
17 authority of Sections 2-301 through 2-306 inclusive of the State Finance and Procurement Article of  
18 the Annotated Code of Maryland (2006 Replacement Volume). If the indebtedness is represented by  
19 bonds, the bonds shall be subject to registration as to principal and interest, in the name or names of  
20 the owner or owners thereof on books kept for that purpose at the principal office of the Bond  
21 Registrar and the principal of the bonds shall be payable upon presentation and surrender thereof at  
22 the principal office of the Paying Agent or the ownership of the indebtedness may, pursuant to  
23 Executive Order of the County Executive, be maintained by a book entry system. The Bond  
24 Registrar and Bond Paying Agent shall be determined by Executive Order of the County Executive.

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1 Payment of interest on the bonds shall be made by the Paying Agent on each payment date, to each  
2 person appearing on the registration books of the County, maintained by the Bond Registrar, as the  
3 registered owner thereof, by check or draft mailed to each such registered owner at his or her address  
4 as it appears on such registration books. There shall be printed on each bond the text of the  
5 approving legal opinion of bond counsel with respect to the bonds. Except as provided hereinafter or  
6 in an Executive Order of the County Executive prior to the issuance of the bonds, if the indebtedness  
7 authorized herein is represented by bonds, the bonds shall be in substantially the following form,  
8 which form, together with all covenants and conditions therein contained, is hereby adopted by the  
9 County Council of Harford County, Maryland as and for the form of obligation to be incurred by  
10 Harford County, and said covenants and conditions, including the promise to pay therein contained,  
11 are hereby made binding upon the County, in accordance with the endorsement on said bonds:

1 UNITED STATES OF AMERICA

2 STATE OF MARYLAND

3 HARFORD COUNTY, MARYLAND

4 HARFORD COUNTY WATER AND SEWER BONDS OF 2008

5 No.

No.

6 Registered Owner:

7 \$5,000

\$5,000

8 (Dated October 1, 2007)

9 HARFORD COUNTY, MARYLAND, a body politic and corporate, organized and existing under  
10 the Constitution and laws of the State of Maryland, hereby acknowledges itself indebted and, for  
11 value received, promises to pay to the registered owner or registered assignees of this bond, the  
12 principal sum of FIVE THOUSAND DOLLARS (\$5,000)

13 on \_\_\_\_\_,

14 upon presentation and surrender of this bond and to pay interest thereon, from the date of this bond at  
15 the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum until payment of said principal sum, such interest to  
16 the maturity hereof being payable on April 1, 2008, and semiannually thereafter on the first days of  
17 October and April in each year by check or draft of the Paying Agent (hereinafter described) mailed  
18 to the registered owners of record as interest becomes due and payable.

19 Both the principal of and interest on this bond will be paid in lawful money of the United  
20 States of America, at the time of payment, at the principal office of \_\_\_\_\_, Baltimore,  
21 Maryland ("Paying Agent").

22 This bond shall be registered in the name of the owner on the registration books kept for that  
23 purpose at the principal office of \_\_\_\_\_, Baltimore, Maryland ("Bond Registrar"), and  
24 such registration shall be noted on the back of this bond, after which no transfer hereof shall be valid



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1 unless made on the said registration books by the registered owner hereof in person or by his duly  
2 authorized attorney, and similarly noted on this bond. The County, Bond Registrar and Paying  
3 Agent may deem and treat the person in whose name this bond is registered as the absolute owner  
4 hereof for all purposes. This bond, upon surrender hereof at the principal office of the Bond  
5 Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by  
6 the registered owner hereof, or his (her) duly authorized attorney, may, at the option of the registered  
7 owner hereof, be exchanged for an equal aggregate principal amount of bonds of authorized  
8 denominations and of the same form and tenor as this bond. For every such exchange or transfer of  
9 bonds, the County or the Bond Registrar shall make a charge for any tax or other governmental  
10 charge required to be paid with respect to such exchange or transfer. Such charge shall be paid by  
11 the registered owner requesting such exchange or transfer as a condition precedent to the exercise of  
12 such privilege. The Bond Registrar shall not be obligated to make any such exchange or transfer of  
13 bonds during the fifteen (15) days next preceding an interest payment date on the bonds, or in case of  
14 any proposed redemption of bonds, during the fifteen (15) days next preceding the date of the  
15 publication of notice of such redemption, and the record date for payment of principal and interest  
16 shall be August 31 and February 28 in each year. The Bond Registrar shall not be required to make  
17 any transfer or exchange of any bonds called for redemption.

18 This bond is one of a duly authorized issue or series of bonds aggregating Ninety-Six  
19 Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000) in principal amount, which  
20 are of the denomination of Five Thousand Dollars (\$5,000) or integral multiples thereof. These  
21 bonds mature serially in installments on the first day of February in each of the years 2008 to  
22 2027, inclusive, as follows: Three Million Dollars (\$3,000,000) in 2008; Three Million Five  
23 Hundred Thousand Dollars (\$3,500,000) in each of the years 2009 to 2013 inclusive. Five  
24 Million Dollars (\$5,000,000) in each of the years 2014 to 2018, inclusive. Five Million Three

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1 Hundred Ninety-Five Thousand Dollars (\$5,395,000) in each of the years 2019 to 2021,  
2 inclusive; Five Million Eight Hundred Thousand Dollars (\$5,800,000) in each of the years 2022  
3 to 2026, inclusive; and Six Million Two Hundred Ten Thousand Dollars (\$6,210,000) in 2027.  
4 These bonds are numbered from one (1) consecutively upwards in the order of their maturities,  
5 are of like tenor except as to maturity, number and interest rate, are issued pursuant to and in full  
6 conformity with the provisions of the Charter of Harford County, as amended, and by virtue of  
7 due proceedings had and taken by the County Council of Harford County, Maryland particularly  
8 a Bill enacted on \_\_\_\_\_, 2007, entitled Bill No. 07-\_\_\_\_ and a Resolution adopted on  
9 \_\_\_\_\_.

10 The full faith and credit and unlimited taxing power of Harford County, Maryland, is pledged  
11 to the punctual payment of the principal of and interest on this bond according to its terms, and said  
12 County covenants and agrees punctually to pay the principal of this bond and the interest thereon, at  
13 the dates and in the manner mentioned herein.

14 The bonds of the issue which mature on or before \_\_\_\_\_, are not subject to redemption  
15 prior to their maturities. The bonds which mature on or after \_\_\_\_\_, shall be subject to  
16 redemption as a whole at any time or in part on any interest payment date, and in any order of  
17 maturity, at the option of the County on \_\_\_\_\_, or on any redemption date thereafter upon  
18 notice of call for redemption given to the registered owner thereof as shown on the books of the  
19 Bond Registrar, or by publication at least thirty (30) days prior to the date of redemption in a  
20 newspaper published and circulating in Harford County and in the City of Baltimore, Maryland, and  
21 also in a financial newspaper published and circulating in the City of New York, New York, at a  
22 redemption price, expressed as a percentage of the principal amount of the bonds to be redeemed, set  
23 forth in the table below, together with interest accrued to the date fixed for redemption.

24 Date of Redemption

Optional Redemption Price

1  
2  
3  
4 If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds to  
5 be redeemed shall be selected by lot by \_\_\_\_\_,  
6 \_\_\_\_\_, Paying Agent.

7 No covenant or agreement contained in this bond shall be deemed to be a covenant or  
8 agreement of any officer, agent or employee of the County in his or her individual capacity and  
9 neither the members of the County Council of Harford County, Maryland nor any official executing  
10 this bond shall be liable personally on this bond or be subject to any personal liability or  
11 accountability by reason of the issuance of this bond.

12 It is hereby certified and recited that each and every act, condition and thing required to exist,  
13 to be done, to have happened and to be performed precedent to and in the issuance of this bond, does  
14 exist, has been done, has happened and has been performed in full and strict compliance with the  
15 Constitution and laws of the State of Maryland, the Charter and Code of Harford County and the Bill  
16 and Resolution above referred to, and that the issue of bonds of which this is one, together with all  
17 other indebtedness of Harford County, Maryland, is within every debt and other limit prescribed by  
18 the Constitution and laws of said State and the Charter and Code of Harford County, and that due  
19 provision has been made for the levy and collection, if and when necessary, of an annual *ad valorem*  
20 tax or taxes upon all the legally assessable property within the corporate limits of Harford County,  
21 Maryland, as prescribed by law, in rate and amount sufficient to provide for the payment, when due,  
22 of the interest on and the principal of this bond.

23 IN WITNESS WHEREOF Harford County, Maryland, has caused this bond to be executed in  
24 its name by the facsimile signature of the County Executive, which signature has been imprinted

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1 thereon, and has also caused a facsimile of its corporate seal to be imprinted hereon, attested by the  
2 facsimile signature of the Director of Administration, and the manual signature of an authorized  
3 officer of the Bond Registrar, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 2007.

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ATTEST:

HARFORD COUNTY, MARYLAND

\_\_\_\_\_  
Director of Administration

By: \_\_\_\_\_  
County Executive

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the registered bonds of Harford County, Maryland Water and Sewer  
Bonds of 2008.

\_\_\_\_\_  
Authorized Officer

(Form of Registration)

(No writing hereon except by an officer of \_\_\_\_\_, Baltimore, Maryland, Bond Registrar.)

<u>Date of Registry</u>	<u>Name of Registered Holder</u>	<u>Registered By</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

PAYMENT GRID

<u>Date of Payment</u>	<u>Principal Amount Paid</u>	<u>Principal Amount Outstanding</u>	<u>Holder Signature</u>
_____	_____	_____	_____
_____	_____	_____	_____

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(please insert name and address of the assignee)

(Tax Identification or Social Security No. \_\_\_\_\_)

the within bond, and hereby irrevocably constitutes and appoints

attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:

Signature guaranteed:

NOTICE: Signature must be  
guaranteed by a member firm of the  
New York Stock Exchange or a  
commercial bank or trust company

NOTICE: The signature on this  
Assignment must correspond with  
the name of the registered owner  
as it appears on the face of the within bond in  
every particular, without alteration or  
enlargement or any change whatever.

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SECTION 12. Be it further enacted by the County Council of Harford County, Maryland that if the indebtedness herein authorized is represented by bonds, the bonds shall be sold by bids in sealed proposals or electronic bid form as determined in the Resolution to the bidder therefor for cash whose bid is deemed to be for the best interest of the County, after giving at least ten (10) days' public notice by advertisement inserted twice in one or more daily or weekly newspapers having a general circulation in the County, said sale to be held not sooner than ten (10) days following the first insertion of said advertisement. Said advertisement or a summary thereof shall also be published in "The Bond Buyer", a financial journal published in the City of New York and in electronic form. The Award of the Bonds, if made, shall be approved by resolution of the County Council of Harford County, Maryland after written recommendation of the County Executive, to the bidder offering the lowest interest cost determined in accordance with the true interest cost method (TIC). The sale of the bonds, unless changed by Executive Order of the County Executive, or Resolution of the County Council of Harford County, Maryland, shall be held on September 26, 2007, at the office of the Treasurer of Harford County, Maryland, located at 220 South Main Street, Bel Air, Maryland, at 10:00 o'clock A.M., E.S.T. or E.D.T. (whichever time may then be in effect), or on such other date and at such other time and location as may be provided by Executive Order of the County Executive.

SECTION 13. Be it further enacted by the County Council of Harford County, Maryland that the official Notice of Sale shall be in substantially the form hereinafter set forth and the terms, provisions and conditions set forth in said form of Notice of Sale are hereby adopted and approved as the terms, provisions and conditions under which and the manner in which the bonds shall be sold, issued and delivered at public sale. The official Notice of Sale, upon resolution of the County Council of Harford County, Maryland, may be consolidated with the Official Notice of Sale for other bonds to be sold by the County at the same time. The official Notice of Sale may be published in summary form in The Bond Buyer and other financial publications approved by the County



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1 Executive and/or in electronic form. The official Notice of Sale for the bonds shall be in  
2 substantially the following form (unless changed by Executive Order of the County Executive  
3 adopted prior to the sale of the bonds):

**NOTICE OF SALE**

\$96,895,000  
HARFORD COUNTY, MARYLAND  
WATER AND SEWER BONDS  
Series 2008  
(Book-Entry Only)

**NOTICE IS HEREBY GIVEN** that electronic (as explained below) bids will be received by the Treasurer, Harford County, Maryland (the "County") at the offices of the Treasurer until 10:00 a.m. local Baltimore, Maryland time on September 26, 2007 for the purchase of all (but not less than all) of the County's \$96,895,000 Harford County, Maryland Water and Sewer Bonds, Series 2008 (the "Bonds"). The bids will be received up to the time (unless postponed as described herein) and in the manner described below:

**DATE AND TIME**

Wednesday, September 26, 2007, 10:00 a.m. Eastern Daylight Time (EDT). For the purposes of both the sealed bid and the electronic bid, the time maintained by PARITY shall constitute the official time.

**FOR ELECTRONIC BIDS**

Submit electronically via PARITY in accordance with its Rules of Participation and this Notice of Sale until 10:00 a.m., EDT, but no bid will be received after the time for receiving bids specified above. Provisions in this Notice of Sale conflicting with those PARITY Rules of Participation shall control. In the event of a malfunction in the electronic bidding process, the bid time and/or date may be postponed at the option of the County. For further information about PARITY, potential bidders may contact:

who is acting as financial advisor to the County, or

PARITY  
40 West 23<sup>rd</sup> Street, 5<sup>th</sup> Floor  
New York, New York 10014  
Telephone: 212-404-8102

Any prospective bidder must submit its electronic bid through the facilities of PARITY, in accordance with the Rules of Participation and any other requirements of PARITY. Prospective bidders must be contract customers of BIDCOMP in order to submit an electronic bid.

An electronic bid made through the facilities of PARITY shall be deemed an offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed,

1 sealed bid delivered to the County. The County shall not be responsible for any malfunction or  
2 mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities  
3 being the sole risk of the prospective bidder.  
4

5 Neither the County nor PARITY shall have any duty or obligation to provide or assure  
6 access to PARITY to any prospective bidder. The County is using PARITY as a communication  
7 mechanism, and not as the County's agent to conduct the electronic bidding for the Bonds. The  
8 County is not bound by any advice and determination of PARITY to the effect that any particular  
9 bid complies with the terms of this Notice of Sale. All costs and expenses incurred by  
10 prospective bidders in connection with their submission of bids via PARITY are the sole  
11 responsibility of the bidders; and the County is not responsible, directly or indirectly, for any  
12 such costs or expenses. If a prospective bidder encounters any difficulty in submitting,  
13 modifying, or withdrawing a bid for the Bonds, he (she) should telephone PARITY (212-404-  
14 8102) and notify the County's Bond Counsel, Miles & Stockbridge P.C. Attention: John A.  
15 Stalfort, by facsimile at (410) 385-3700.  
16

17 Electronic bids must be submitted for the purchase of the Bonds via PARITY. Bids will  
18 be communicated electronically to the County at 10 a.m. (EST) on September 26, 2007. Prior to  
19 that time, a prospective bidder may (1) submit the proposed terms of its bid, (2) modify the  
20 proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid  
21 is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed  
22 bid for the Bonds. Once the bids are communicated electronically via PARITY to the County,  
23 each bid will constitute an irrevocable offer to purchase the Bonds bid for on the terms therein  
24 provided.  
25

#### 26 **List of Members of Account**

  
27

28 The facilities of PARITY currently do not allow the bidders to list the names of the  
29 members of the account on whose behalf the bid is made. Bidders who are submitting an  
30 electronic bid are requested to telecopy the names of the members of the account on whose  
31 behalf the bid is made to the County c/o Miles & Stockbridge P.C. (410) 385-3700. Attention:  
32 John A. Stalfort.  
33

#### 34 **Right to Modify or Amend Notice of Sale; Right to Postpone Sale**

  
35

36 The County reserves the right to modify or amend this Notice of Sale, including  
37 changing the scheduled maturities or increasing or reducing the aggregate principal amount of  
38 Bonds and the principal amount of any maturity offered for sale, prior to the bid date. If any  
39 modifications occur, supplemental information with respect to the Bonds will be  
40 communicated via TM3 News Service ([www.tm3.com](http://www.tm3.com)) not later than 5:00 p.m., Baltimore,  
41 Maryland time, on the day preceding the last day on which proposals may be submitted, and  
42 bidders shall bid upon the Bonds based upon the terms thereof set forth in this Notice of Sale,  
43 as so modified by such supplemental information.  
44

45 In addition, the County reserves the right to postpone the date established for the receipt of  
46 bids. In the event of a postponement, the new date and time of sale and any revised date of expected  
47 delivery will be announced via TM3 News Service not later than 9:00 a.m., Baltimore, Maryland  
48 time, on the day on which proposals may be submitted. On any such alternative sale date, bidders

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may submit sealed bids for the purchase of the Bonds in conformity with the provisions of this Notice of Sale, except for the changed date and time of sale and any revised date of delivery.

### Bid Parameters

No bid of less than 100% of par plus accrued interest from February 1, 2008 to the date of delivery of the Bonds, no oral bid and no bid for less than all of the Bonds described in this Notice of Sale, will be considered. The Bonds are expected to be awarded at approximately 3:00 p.m. prevailing Eastern Time on September 26, 2007. All proposals shall remain firm until the time of award. No interest rate may be bid that is lower than the interest rate in the immediately preceding year.

### Authorization

The Bonds will be issued by the County pursuant to Bill No. 07-\_\_ adopted by the County Council of the County on \_\_\_\_, \_\_\_\_, effective \_\_\_\_, \_\_\_\_ (the "Authorized Legislation") and Resolution No. \_\_\_\_ adopted on \_\_\_\_, \_\_\_\_\_. The proceeds of the Bonds will be used primarily to finance the costs of the acquisition, renovation or new construction and equipping of certain capital projects described in the Authorized Legislation.

The Bonds, and payment of the principal and interest thereon, will be the unconditional general obligation of the County and will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

### Procedures for Sale

As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the County of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The successful bidder shall pay the Aggregate Principal Amount of the Bonds plus the premium, plus accrued interest to the date of delivery. ALL BIDS SHALL REMAIN FIRM UNTIL 3:00 P.M. LOCAL BALTIMORE, MARYLAND TIME ON THE DATE OF SALE. An award of the Bonds pursuant to this Notice of Sale, if made, will be made by resolution of the County Council of Harford County, Maryland at or before 3:00 p.m. local Baltimore, Maryland time on the date of sale.

### Price and Interest Rate Bid

Each bidder shall submit one bid, not less than par, on an "all-or-none" basis. Each bid must specify the rate or rates of interest to be paid on the Bonds, in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). Bidders may specify more than one rate of interest to be borne by the Bonds, but all Bonds maturing on the same date must bear interest at the same rate; and the difference between the maximum and minimum interest rates specified may not exceed three percent (3%). A zero rate cannot be named for any maturity.

### Bid Check or Surety Bond

Bids must be accompanied by a good faith deposit of a certified check upon, or a cashier's or treasurer's check of a responsible banking institution, payable to Harford County, Maryland for \$450,000, such payment to be security for compliance with the terms of the sale. No interest will be allowed on any such security payment. The check of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in part payment for the Bonds, and no interest will be allowed upon the amount thereof. IN THE EVENT THAT THE SUCCESSFUL BIDDER SHALL FAIL TO COMPLY WITH THE TERMS OF THE BID, THE PROCEEDS OF SUCH CHECK WILL BE RETAINED AS AND FOR FULL LIQUIDATED DAMAGES. THE CHECKS OF THE UNSUCCESSFUL BIDDERS WILL BE RETURNED PROMPTLY AFTER THE BONDS ARE AWARDED.

In lieu of submitting a check, a bidder may submit a financial surety bond from an insurance company satisfactory to the County licensed to issue such bond in the State of Maryland, and such bond must be submitted to the Treasurer, Harford County, Maryland, 220 South Main Street, Bel Air, Maryland 21014 prior to 10:00 a.m., E.S.T. on the date of sale. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the bonds are awarded to a bidder utilizing a financial surety bond, then the successful bidder is required to submit its good faith deposit to the Treasurer of the County in one of the forms described in the preceding paragraphs not later than 3:30 p.m., E.S.T. on the next business day following the award. If such good faith deposit is not received by that time, the financial surety bond may be drawn by the County to satisfy the good faith deposit requirement.

#### **Award of Bonds and Public Offering**

The County will not consider and will reject any bid for the purchase of less than all of the Bonds. THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS. The award, if made, will be made as promptly as possible after the bids are opened to the bidder offering the lowest interest rate to the County. The lowest interest rate shall be determined in accordance with the true interest cost (TIC) method doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, excluding interest accrued to the date of delivery; provided, however, that if two or more bidders have made bids, each of which represents the lowest true interest cost to the County, then the Bonds shall be awarded to the bidder offering the highest premium and, if the highest premium is offered by two or more such bidders or if no premium is bid by any such bidders, then the Bonds may be awarded, with their consent, in a ratable portion among such bidders, of the County, in its discretion, may award all of the Bonds to one bidder. The judgment of the County shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale. THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED UNDER "CLOSING DOCUMENTS" BELOW.

#### **Legal Opinion**

The issuance of the Bonds will be subject to delivery of the approving opinion of Miles & Stockbridge P.C., Baltimore, Maryland, which opinion shall be substantially in the form set forth as an exhibit to the Preliminary Official Statement referred to below. The opinion will be delivered upon request, without charge, to the successful bidder for the Bonds.

**Official Statement**

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement and any amendments or supplements thereto.

The Preliminary Official Statement of the County concerning the Bonds (the "Preliminary Official Statement") is in a form "deemed final" by the County for purposes of SEC Rule 15c2-12(b)(1) (the "Rule") but is subject to revision, amendment and completion in the final Official Statement.

The County will undertake to provide the successful bidder with further additional information to be included in such Official Statement, when in the opinion of the County or of Bond Counsel, such additional information constitutes a material change to such Official Statement. The County will take such steps as are necessary to arrange for amending and supplementing the Official Statement in connection with the disclosure of such additional information; provided, however, that the County shall have no obligation to provide such additional information after the date which is twenty-five (25) days after the "end of the underwriting period", as such term is defined in the Rule.

The County agrees, in order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), pursuant to a continuing disclosure certificate (the "Continuing Disclosure Certificate") signed by the County Executive, Treasurer and Director of Administration, to provide annual reports and notices of certain events. The undertaking of the County in the Continuing Disclosure Certificate shall be set forth in any Preliminary Official Statement and Official Statement and any amendment or supplement thereto.

BIDDERS, BY SUBMITTING THEIR BIDS, AGREE TO PROVIDE THE COUNTY, SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE COUNTY STATING (i) THE INITIAL REOFFERING PRICES, EXPRESSED AS A PERCENTAGE OF PAR, TO THE PUBLIC OF EACH MATURITY OF THE BONDS (THE "REOFFERING PRICES"), (ii) THAT THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES; AND (iii) THAT A SUBSTANTIAL AMOUNT OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND

OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in part amount of the Bonds of each maturity at or below the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other acts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirements to avoid the establishment of an artificial price for the Bonds.

### **Book-Entry Only Form**

The Bonds will be issued in book-entry-only form, registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC") and immobilized in its custody. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owners of the Bonds. Information concerning DTC and its book-entry system is included in the Preliminary Official Statement concerning the Bonds dated \_\_\_\_\_, 2007 (the "Preliminary Official Statement") and bidders should rely solely on that material.

### **Interest Payment Dates**

The Bonds will be dated October 1, 2007 and will bear interest from that date payable on \_\_\_\_\_, \_\_\_\_\_ and semiannually thereafter on each \_\_\_\_\_ and \_\_\_\_\_ until maturity or redemption.

### **Maturity Schedule**

The Bonds will mature on October 1 in each of the years 2008 through 2027, inclusive, as follows (the "Maturity Schedule"):

2008	\$3,000,000	2018	\$5,000,000
2009	\$3,500,000	2019	\$5,000,000
2010	\$3,500,000	2020	\$5,395,000
2011	\$3,500,000	2021	\$5,395,000
2012	\$3,500,000	2022	\$5,395,000
2013	\$3,500,000	2023	\$5,800,000
2014	\$5,000,000	2024	\$5,800,000
2015	\$5,000,000	2025	\$5,800,000
2016	\$5,000,000	2026	\$5,800,000
2017	\$5,000,000	2027	\$6,210,000

### **Optional Redemption**

Bonds which mature on or before \_\_\_\_\_ are not subject to redemption prior to maturity. On and after \_\_\_\_\_, the Bonds with a stated maturity on or after \_\_\_\_\_ are subject to redemption at the option of the County in whole at any time or in part on any Interest Payment Date. Such redemption shall be at the following redemption prices (expressed as a percentage of the principal amount of such Bonds), plus accrued and unpaid interest to the date fixed for redemption:

Redemption Period

Redemption Price

\_\_\_\_\_%

\_\_\_\_\_%

\_\_\_\_\_%

**Delivery**

Delivery of the Bonds is expected to occur through the facilities of DTC in New York, New York on or about September 26, 2007. The successful bidder shall pay for the Bonds on the date of delivery in Baltimore, Maryland in **IMMEDIATELY AVAILABLE FEDERAL FUNDS BY 10:00 a.m., EDT**, on the closing date. Any expenses of providing immediately available funds shall be borne by the successful bidder. Payment on the delivery date shall be made in an amount equal to the price bid for the Bonds plus accrued interest from October 1, 2007, less the amount of the Good Faith Deposit.

**CUSIP Numbers**

It is anticipated that CUSIP numbers will be printed on the Bonds, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder of the Bonds to accept delivery or and make payment for the Bonds.

**Closing Documents**

The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending against the County affecting the validity of the Bonds and a Tax and No Arbitrage Certificate signed by the County Treasurer.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, such successful bidder shall be furnished a certificate or certificates of the County Executive and Treasurer to the effect that to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement.



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1 In the event that all or any part of the Bonds are initially reoffered with bond insurance  
2 secured by the successful bidder, the successful bidder shall be required to notify immediately the  
3 Treasurer of the County at the time of sale of such event and shall provide the Treasurer of the  
4 County with any information he reasonably requests regarding such bond insurance, including the  
5 amounts paid for such insurance and interest rates that the bonds would have borne should the bid  
6 have occurred without bond insurance. The County will, at the request and expense of the successful  
7 bidder, include customary language in the Official Statement and the form of bond regarding the  
8 insurance policy upon receipt of such opinions or certificates as the County reasonably may request  
9 regarding the accuracy of any information to be included in the Official Statement and the binding  
10 nature of the obligations contained in the insurance policy with respect to the Bonds. The County  
11 shall have no obligation to provide the successful bidder or the bond insurance company with any  
12 other documents or opinions relating to the Bonds.

13  
14 The Preliminary Official Statement, a full financial statement concerning the County, the  
15 required form of proposal, and other data in reference thereto as may be desired will be supplied to  
16 prospective bidders upon request made to John R. Scotten, Jr., Treasurer, 220 South Main Street, Bel  
17 Air, Maryland 21014 (410-638-3316) or from the County's Financial Advisor,  
18 \_\_\_\_\_, Attention:  
19 \_\_\_\_\_, Telephone: \_\_\_\_\_.

20  
21 Date:

22  
23 HARFORD COUNTY, MARYLAND

24  
25  
26  
27 By: \_\_\_\_\_  
28 David R. Craig  
29 County Executive

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1       SECTION 14. Be it further enacted by the County Council of Harford County, Maryland  
2       that upon request of the County Executive, the County Council of Harford County, Maryland may, at  
3       any time, prior to the sale of the bonds, by administrative resolution(s), determine whether the bonds  
4       may be sold above or below par, whether bids may be accepted electronically or by facsimile, change  
5       the projects to be constructed with the proceeds of sale of the bonds, and the County Executive, by  
6       Executive Order may determine or change the Notice of Sale, date of sale, the date or location of bid  
7       opening, the dates of maturity or redemption of the bonds, the amount of the bonds to be sold (but  
8       not in excess of and the amounts of bonds maturing in each year, the interest payment dates of the  
9       bonds, appoint paying agent(s) and/or registrar(s) for the bonds, whether ownership of the bonds or  
10      other indebtedness shall be maintained in book entry form, and the terms of sale of the bonds.

11       SECTION 15. Be it further enacted by the County Council of Harford County, Maryland that  
12      immediately after the sale of the bonds, and upon written recommendation of the County Executive  
13      the interest rate or rates payable thereon shall be fixed by a resolution of the County Council of  
14      Harford County, Maryland in accordance with the terms and conditions of the sale of the bonds. The  
15      bonds shall thereupon be suitably printed or engraved and duly executed and delivered to the  
16      purchaser (or to The Depository Trust Company if the bonds are book entry) in accordance with the  
17      conditions of delivery set forth in the foregoing Notice of Sale. The proceeds of the sale of the  
18      bonds, including any premium and accrued interest received therefor, shall be paid to the Department  
19      of the Treasury of Harford County and shall be deposited in a special account of Harford County,  
20      Maryland. The County may, at its option, deduct from the gross proceeds received from the sale of  
21      the bonds the cost of issuing the same, including the cost of advertising, printing and professional  
22      fees (including legal) and expenses. There shall be deducted from the total gross proceeds received  
23      from the sale of the bonds the amount received on account of accrued interest on

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1 the bonds, which amount shall be set apart by the Treasurer of Harford County in a special fund and  
2 applied to the first maturing interest payments on the bonds. The balance of the proceeds of the sale  
3 of the bonds shall be expended only to finance the Projects as set forth in this Bill and as more  
4 particularly described in the Annual Budget and Appropriation Ordinance of Harford County,  
5 Maryland, as amended, for the year ending June 30, 2008. If the funds derived from the sale of the  
6 bonds shall exceed the amount needed to finance said Projects, the excess funds so borrowed and not  
7 expended by the County shall be applied by the County in payment of the next principal maturity of  
8 the bonds so issued, unless the County Council of Harford County, Maryland shall adopt a resolution  
9 or ordinance allocating said excess funds to finance any lawful modification of such Projects, or to  
10 the extent then permitted by law, any other project lawfully undertaken by the County as may be  
11 provided by subsequent resolution or ordinance approved by the County Council of Harford County,  
12 Maryland.

13 SECTION 16. Be it further enacted by the County Council of Harford County, Maryland  
14 that in the event the fees and charges described in Section 6 are insufficient to pay the principal of  
15 and/or interest on the bonds or other indebtedness in any year(s), for the purpose of paying the  
16 interest on, premium (if any) and principal of the bonds or other indebtedness authorized by this Bill,  
17 there is hereby levied and there shall hereafter be levied in each fiscal year that any of the bonds or  
18 other indebtedness are outstanding, *ad valorem* taxes on real and tangible personal property and  
19 intangible property subject to taxation by the County without limitation on rate or amount; and, in  
20 addition, upon such other intangible property as may be subject to taxation by the County within  
21 limitations prescribed by law, in an amount sufficient together with funds available from other  
22 sources, to pay the annual interest on the outstanding bonds or other indebtedness and to redeem the  
23 bonds or other indebtedness maturing during the succeeding year; and the full faith and credit and

## BILL NO. 07-17

1 the unlimited taxing power of the County are hereby irrevocably pledged to the punctual payment of  
2 the principal of and interest on the bonds or other indebtedness as and when they mature. The  
3 County, by the passage of this Bill, hereby covenants and agrees properly and promptly to perform  
4 all of the respective acts and duties defined in this Bill for the levy and collection of the aforesaid *ad*  
5 *valorem* tax upon all the assessable property within the corporate limits of the County, as the levy  
6 and collection of such a tax becomes necessary in order to meet the debt service requirements of  
7 Harford County Water and Sewer Bonds of 2008. By this Bill, the County agrees to take all action it  
8 may be legally authorized and empowered to take in order to enforce, in any year in which any of the  
9 bonds or other indebtedness are outstanding, the guarantee of such bonds or other indebtedness by  
10 the County.

11 SECTION 17. Be it further enacted by the County Council of Harford County, Maryland  
12 that as a part or all of the aggregate indebtedness authorized by this Bill, upon written  
13 recommendation of the County Executive and adoption of the Administrative Resolution (as defined  
14 in Section 17B of this Bill) the County shall borrow upon its full faith and credit and unlimited  
15 taxing power of the County, and shall issue and sell upon its full faith and credit and the unlimited  
16 taxing power of the County, a bond as a single, fully-registered bond in the maximum principal  
17 amount not to exceed Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars  
18 (\$96,895,000) pursuant to the authority of the Charter, Article 25A of the Annotated Code of  
19 Maryland, and the Water Quality Act (Environmental Article of the Annotated Code of Maryland,  
20 1996 Repl. Vol., 2006 Supplement) for the upgrade, expansion and improvement of all or part of the  
21 sewer or waste water facility Projects (the "Facility"). The sale of the bond shall be conducted as  
22 more fully described in this Section 17 of this Bill and the aggregate amount of bonds otherwise  
23 authorized by this Bill shall be reduced by the amount of the bond sold pursuant to the Water Quality  
24 Act. The

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County, as a body politic and corporate and a political subdivision of the State of Maryland, hereby determines to borrow money and incur indebtedness for the public purpose of financing the costs of the acquisition and development of the Facility which shall include: (i) actual and estimated costs of the issuance of the bond, (ii) engineering expenses, (iii) inspection expenses, (iv) fiscal expenses, (v) legal expenses; and (vi) interest estimated to accrue during the construction and for 24 months on money borrowed or expected to be borrowed. The development costs shall be more fully described in the Administrative Resolution (as defined in Section 17B of this Bill). It is the intent of the County Council of Harford County, Maryland that the costs of the Facility be financed with the proceeds from the sale of the bond and that the County also be reimbursed out of such bond proceeds for all costs of acquisition incurred by the County; provided, however, that such expenses have been incurred by the County not more than one (1) year prior to the issuance of the bond:

A. The Facility shall constitute a "wastewater facility" within the meaning of Section 9-1601(n) of the Water Quality Act.

B. Such borrowing and indebtedness of the County shall be made and incurred pursuant to Section 9-1606 and Section 9-1614(b) of the Water Quality Act and in accordance with the provisions of a Loan Agreement between the County, as Borrower, and the Administration. The Loan Agreement shall be substantially in such form as is approved by a resolution supplemental to this Bill and passed subsequent to the enactment of this Bill (the "Administrative Resolution") which Administrative Resolution shall set forth the details of the bond and the terms of the loan, in such manner as shall not be inconsistent with the provisions and requirements of this Bill. The Loan Agreement (the form of which shall be attached to the Administrative Resolution and approved therein) shall contain in its final form such insertions, omissions, variations, or changes (collectively "changes") as may be deemed necessary or appropriate and which shall be acceptable to the County Executive, and the County Executive is hereby authorized, and shall be authorized by the

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Administrative Resolution, to make such changes in the Loan Agreement as he may deem appropriate.

C. To evidence the payment of obligations of the County under the Loan Agreement, the County shall issue and sell, upon its full faith and credit and unlimited taxing power of the County, the bond, as a general obligation installment bond in the maximum amount not to exceed Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000) which bond shall be known as "Harford County, Maryland Water Quality Bond, Series 2008".

The proceeds from the sale of the bond shall be generally used for the purposes set forth in this Section 17 of this Bill as more fully described in the project description as set forth and approved by the Administrative Resolution. The bond shall be issued as a single fully-registered bond in the maximum amount not to exceed Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000), payable to the registered owner thereof. The bond shall be dated as of the date of delivery to the purchaser; shall be numbered R-1; shall be registered in the name of the Administration or its designee; shall be payable in such principal installments and shall bear interest at such rate as shall appear on the final executed bond. The maturity of the bond and the date of final maturity shall appear in the executed bond. In no event shall the final date of maturity of the bond exceed thirty (30) years from the date of issuance of the bond. The interest rate upon the bond shall be determined by the Administration as a percentage of the true interest cost (TIC) of the Administration's Revolving Loan Fund Revenue Bonds, Series \_\_\_\_ (whichever is applicable) (the "Administration's Revenue Bonds").

The principal installments payable on the bond and the rate of interest to be borne by the bond (or the manner of determining the principal payments and rate of interest) shall be established by the Administrative Resolution. Such determination of the principal and interest on the bond shall be in accordance with the terms and conditions of the Loan Agreement. The rate of

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1 interest approved by the Administrative Resolution shall in no event exceed the maximum rate  
2 permitted by law and such interest rate shall appear in the executed bond.

3           The form of the bond, together with the statement of principal installments (annual or  
4 semi-annual as shall be finally approved by the County Executive pursuant to Section 17 of this Bill)  
5 and such installments of interest as therein set forth, and all of the covenants and conditions as shall  
6 be contained in the bond, shall be adopted by the County Council of Harford County, Maryland  
7 pursuant to the Administrative Resolution and such covenants and conditions shall be made binding  
8 upon the County, including the promise to pay therein contained. Execution of the bond by the  
9 County Executive shall constitute conclusive evidence of such approval.

10           D. The County will also execute and deliver in connection with the issuance of the  
11 bond, additional documents (the "Water Quality Documents") including, but not limited to, the Loan  
12 Agreement, and such other documents, agreements, instruments and certificates as the County  
13 Executive, upon advice of legal counsel, shall deem necessary for the financing of the acquisition of  
14 the Facility. Because this Bill is being adopted before all of the details of the sale of the bond and  
15 the issuance and sale of the Administration's Revenue Bonds have been finalized, the County  
16 Executive, pursuant to the powers reserved unto him under this Section 17 and as set forth in the  
17 Administrative Resolution, is hereby authorized to make such changes to the form of the bond and  
18 the Documents, including insertions therein or additions or deletions thereto, as he may deem  
19 necessary to conform the terms of the bond and the Water Quality Documents to the terms of the  
20 financing to be provided to the County by the Administration; provided, however, that such changes,  
21 additions or deletions are not in substance inconsistent with or contrary to the requirements set forth  
22 in this Bill or in the Administrative Resolution.

23           E. The Loan Agreement and the bond shall be executed on behalf of and in the name  
24 of the County by the County Executive, such execution to be made by the manual or facsimile

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signature of the County Executive. The corporate seal of the County shall be affixed to the Loan Agreement and to the bond, and each shall be attested by the signature of the Director of Administration. If any officer whose signature shall appear on the bond or the Water Quality Documents shall cease to be such officer before the delivery of the bond or the Water Quality Documents, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery. The County Executive is hereby authorized, empowered and directed to complete the applicable forms of the bond and the Water Quality Documents as such forms may be approved by the County Council of Harford County, Maryland through the Administrative Resolution and the County Executive shall make corrections or changes thereto in any manner which the County Executive, in his discretion, shall deem necessary to complete the issuance and sale of the bond and the execution and delivery of the Water Quality Documents, all as may promote the objectives of the County as set forth in this Bill. The Loan Agreement and the bond, as executed by the County Executive, shall be valid and legally binding obligations of the County in accordance with their terms.

F. Notwithstanding any section of the Charter or of Article 25A of the Annotated Code of Maryland, and as authorized by Section 9-1606 of the Water Quality Act, the bond may be sold at private sale to the Administration, public advertisement and sale of the bond not being required by the terms of the Water Quality Act, and such private sale is determined to be in the best interests of the County. The details of the sale of the bond shall be determined in accordance with the Administrative Resolution. The bond shall be sold for cash at not less than par in accordance with the terms and provisions of this Bill and the Administrative Resolution. The County Executive, in his discretion, is expressly authorized and empowered to take any and all action necessary to complete and close the award, sale and delivery of the Bond to the Administration including, without limitation, making such changes or modifications in the form of the bond and adopted therein as he



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1 may deem to be necessary or appropriate to comply with Administration practices and policies  
2 applicable from time to time; provided, however, that such actions taken by the County Executive  
3 shall not be in substance inconsistent with or contrary to the provisions of this Bill or the  
4 Administrative Resolution.

5 G. The proceeds of sale of the bond shall be held, invested and administered by the  
6 Administration pursuant to the Loan Agreement and shall be used, when and as required, to be  
7 applied from time to time as and when received by the County to finance costs of the Facility in  
8 compliance with the provisions of the Loan Agreement, the Charter, the Harford County Code (the  
9 "Code") and the Water Quality Act. Any balance of the proceeds of the Loan remaining subsequent  
10 to payment in full of all the costs of the Facility may be applied to reduce the principal of the Loan in  
11 accordance with the terms of the Loan Agreement.

12 H. For the purpose of paying the maturing principal of and interest on the bond when  
13 due, the County has established or shall establish a dedicated source of revenues as shall be  
14 described in the Loan Agreement. In the event such revenues are insufficient to meet the debt  
15 service requirements in any fiscal year in which the bond is outstanding, the County shall levy in  
16 such fiscal year upon all real and tangible personal property within its jurisdictional limits subject to  
17 assessment for unlimited County taxation *ad valorem* taxes in rate and amount sufficient to provide  
18 for the prompt payment of such principal and interest on the bond in such fiscal year, and, if the  
19 proceeds from the collection of taxes so levied in any such fiscal year are inadequate for such  
20 payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.  
21 The full faith and credit and unlimited taxing power of the County are hereby irrevocably pledged to  
22 the payment of the principal of and interest on the bond as and when they become due and payable  
23 and to the levy and collection of the taxes hereinabove described as and when such taxes may  
24 become necessary in order to provide sufficient funds to meet the debt service requirements of the

## BILL NO. 07-17

1 bond. The County hereby covenants and agrees with the registered owner of the bond to levy and  
2 collect the taxes hereinabove described and to take any action that may be appropriate from time to  
3 time during the period that the bond remains outstanding and unpaid to provide the funds necessary  
4 to pay promptly the principal and interest due thereon.

5 I. The Bond is being issued in connection with the Administration's Maryland Water  
6 Quality Revolving Loan Fund Program (the "Program") and will evidence the County's obligation to  
7 repay the Loan advanced from the proceeds of the sale of the Administration's Revenue Bonds. The  
8 Loan Agreement limits the ability of the County to prepay the bond in accordance with restrictions  
9 upon the ability of the Administration to redeem the Administration's Revenue Bonds. Accordingly,  
10 the County may prepay the bond only in accordance with the provisions of the Loan Agreement and  
11 the terms governing prepayment as set forth in the bond.

12 J. The County Executive shall be the certifying official for the County responsible for  
13 the execution and delivery on the date of the issuance of the bond of a tax and arbitrage certificate of  
14 the County that complies with the requirements of Section 148 of the Internal Revenue Code of  
15 1986, as amended, and the applicable regulations thereunder. The County Executive is hereby  
16 authorized and directed to execute and deliver the tax and arbitrage certificate to counsel rendering  
17 an opinion on the excludability from gross income of interest on the bond for purposes of federal  
18 income taxation on the date of the issuance of the bond. The tax and arbitrage certificate shall set  
19 out the reasonable expectations of the County as to relevant facts, estimates and circumstances  
20 relating to the use of the proceeds of the bond or of any moneys, securities or other obligations to the  
21 credit of any account of the County which may be deemed to be bond proceeds under Section 148 or  
22 the arbitrage regulations. The County covenants with the owner of the bond that the facts, estimates  
23 and circumstances set forth in the tax and arbitrage certificate will be based on the County's

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1 reasonable expectations on the date of the issuance of the bond and will be, to the best of the  
2 certifying officials' knowledge, true, correct and complete as of that date.

3 K. The County covenants and agrees with the registered owner of the bond that it  
4 will not make, or (to the extent that it exercises control or direction) permit to be made, any use of  
5 the bond proceeds that would cause the bond to be an "arbitrage bond" within the meaning of Section  
6 148 and the arbitrage regulations. The County further covenants that it will comply with Section 148  
7 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder which are  
8 applicable to the bond on the date of issuance of the bond and which may subsequently lawfully be  
9 made applicable to the bond. The County further covenants that it shall make such use of the  
10 proceeds of the bond, to the extent possible regulate the investment of the proceeds thereof, and take  
11 such other and further actions as may be required to maintain the excludability from gross income,  
12 for federal income tax purposes, of interest on the bond. All officers, employees and agents of the  
13 County are hereby authorized and directed to take such actions, and to provide such certificates of  
14 facts and estimates regarding the amount and use of the proceeds of the bond, as may be necessary or  
15 appropriate from time to time to comply with, or to evidence the County's compliance with, the  
16 covenants set forth in this Section.

17 L. The principal amount of the bond to be sold to the Administration pursuant to the  
18 Water Quality Act shall be determined in a resolution adopted by the County Council of Harford  
19 County, Maryland upon written recommendation of the County Executive and shall constitute a  
20 portion of the Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000)  
21 principal amount of bonds and indebtedness authorized to be incurred pursuant to this Bill. In no  
22 event may the aggregate indebtedness incurred by the County pursuant to this Bill exceed Ninety-Six  
23 Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000).

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SECTION 18. Be it further enacted by the County Council of Harford County, Maryland that Harford County, Maryland is hereby authorized and empowered from time to time to issue its Bond Anticipation Note or Notes (or other form of indebtedness) on the full faith and credit and unlimited taxing power of the County in an amount not exceeding Ninety-Six Million Eight Hundred Ninety-Five Thousand Dollars (\$96,895,000), the net proceeds of such sale to be used to finance part or all of the cost of the Projects; the sale of such Notes to be upon such terms as may be directed by resolution of the County Council of Harford County, Maryland.

Such Bond Anticipation Note or Notes or other evidence of indebtedness shall provide that not in excess of twelve (12) months interest from the date of issue shall be paid from the proceeds of bonds issued to retire the indebtedness incurred pursuant to the Bond Anticipation Note.

The Treasurer of Harford County, Maryland, prior to the issuance of any such Bond Anticipation Note or Notes or other evidence of indebtedness of the County shall present the terms of such notes to the County Council of Harford County, Maryland for approval by Resolution of the County Council of Harford County, Maryland prior to the issuance of such Bond Anticipation Note or Notes.

The Bond Anticipation Note or Notes will bear interest at the rate or rates so negotiated by the Treasurer and approved by Resolution of the County Council of Harford County, Maryland and the Bond Anticipation Note or Notes when issued shall be issued in the name of Harford County by the signature of the County Executive, the corporate seal of the County shall be imprinted on such Bond Anticipation Note or Notes and such Bond Anticipation Note or Notes shall be used only for those purposes approved in a Resolution of the County Council of Harford County, Maryland adopted subsequent to the adoption of this Bill.

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1 The Bond Anticipation Note or Notes shall not be issued in an amount greater than the  
2 amount of bonds or other indebtedness authorized in anticipation of the sale of which the Bond  
3 Anticipation Note or Notes are issued and sold.

4 The principal of and interest on the Bond Anticipation Note or Notes shall be payable out of  
5 the first proceeds of sale of the bonds, or from the tax or other revenue which the County shall  
6 previously determine to apply to the payment of the bonds and interest thereon.

7 Twelve (12) months interest on the Bond Anticipation Note or Notes or any renewal thereof  
8 may be paid from the proceeds of sale of the bonds accounting from the initial date of issue thereof.

9 By resolution adopted by the County Council of Harford County, Maryland, the County may  
10 provide for the renewal of the Bond Anticipation Note or Notes at maturity with or without resale.

11 Immediately after the sale of the Bond Anticipation Note or Notes and approval by resolution  
12 of the County Council of Harford County, Maryland, the proceeds of sale of such Bond Anticipation  
13 Note or Notes, after payment of expenses of issuing the same, shall be paid to the Department of the  
14 Treasury of Harford County, Maryland. The proceeds of sale of the Bond Anticipation Note or  
15 Notes shall be expended only to finance the Projects as defined above.

16 SECTION 19. Be it further enacted by the County Council of Harford County, Maryland that  
17 pursuant to Treasury Regulations 1.150-2, governing the use of bond proceeds for the purpose of  
18 reimbursing expenditures paid prior to the issuance of bonds, and as permitted by Treasury  
19 Regulations 1.150-2(e)(1), the Treasurer of Harford County, Maryland is hereby duly designated to  
20 make declarations of Official Intent on behalf of the County. The County expects that all or a part of  
21 the capital expenditures for the Projects will be paid prior to the issuance of the Bonds, and that the  
22 proceeds of the Bonds will be used to reimburse the County for capital expenditures paid prior to the  
23 issuance of the Bonds. The County reasonably expects to reimburse a portion of the capital  
24 expenditures for the Projects with proceeds of the Bonds, in the maximum principal amount of

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1 \$50,000,000, and this Bill and shall be available for public inspection at the offices of the County  
2 during regular business hours and in accordance with the laws of the State of Maryland and Harford  
3 County, regarding access to public records.

4 SECTION 20. Be it further enacted by the County Council of Harford County, Maryland that  
5 the County covenants and agrees with the registered owners, from time to time, of the Bonds as  
6 follows:

7 (a) The County covenants that it will not make any use of the proceeds of any of the  
8 Bonds or any moneys, securities or other obligations on deposit to the credit of the County or  
9 otherwise which may be deemed by the Internal Revenue Service to be proceeds of any of the Bonds  
10 pursuant to the Internal Revenue Code of 1986, as amended, and Income Tax Regulations thereunder  
11 (collectively, the "Code"), which would cause any of the Bonds to be "arbitrage bonds" or "private  
12 activity bonds" within the meaning of the Code.

13 (b) The County further covenants that it will comply with those provisions of the  
14 Code which are applicable to the Bonds on the date of issuance of the Bonds and which may  
15 subsequently lawfully be made applicable to the Bonds. To the extent that provisions of the Code  
16 apply to only a portion of the Bonds, proceeds of the Bonds or other moneys, securities or other  
17 obligations deemed to be proceeds, it is intended that the covenants of the County contained in this  
18 Section 20 be construed so as to require the County to comply with the provisions of the Code only  
19 to the extent of such applicability.

20 (c) The County further covenants that it will not (i) take any action, (ii) fail to take  
21 any action, or (iii) make any use of the proceeds of any of the Bonds which would cause the interest  
22 on any of the Bonds to be or become subject to federal income taxes in the hands of the registered  
23 holders of any of the Bonds.

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(d) The County further covenants, in order to assist bidders in complying with SEC Rule 15c2-12(b)(5), pursuant to a continuing disclosure agreement (the "Continuing Disclosure Agreement") signed by the County Executive, Treasurer and Director of Administration, to provide annual reports and notices of certain events. The undertaking of the County in the Continuing Disclosure Agreement shall be described in any Preliminary Official Statement and Official Statement and any amendment or supplement thereto.

SECTION 21. Be it further enacted by the County Council of Harford County, Maryland that upon recommendation of the County Executive, the County Council of Harford County, Maryland may adopt a resolution pursuant to Article 31, Section 2C of the Annotated Code of Maryland (2003 Replacement Volume; 2006 Supplement), authorizing the loan authorized to be incurred and the bonds authorized to be sold by this Bill, to be consolidated for sale and issued, sold and delivered as a single issue of bonds with other bonds authorized to be sold to finance capital projects described in the Annual Budget and Appropriation Ordinance, as amended, or described in the Annual Budget and Appropriations Ordinance adopted by the County Council of Harford County, Maryland for the current fiscal year and/or prior or subsequent fiscal years.

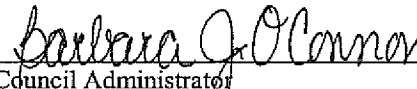
SECTION 22. Be it further enacted by the County Council of Harford County, Maryland that the provisions of this Bill are severable, and if any provision, sentence, clause, section or part hereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Bill or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Bill would have been passed if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included herein, as if the person or circumstances to which this Bill or any part hereof are inapplicable had been specifically exempted therefrom.

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SECTION 23. And be it further enacted by the County Council of Harford County, Maryland  
that this Bill shall take effect sixty (60) calendar days from the date it became law.

EFFECTIVE: September 17, 2007

The Council Administrator of the Council does hereby  
certify that fifteen (15) copies of this Bill are immediately  
available for distribution to the public and the press.

  
\_\_\_\_\_  
Council Administrator



**BILL NO. 07-17**HARFORD COUNTY BILL NO. 07-17Brief Title Water & Sewer Bond

is herewith submitted to the County Council of Harford County for enrollment as being the text as finally passed.

**CERTIFIED TRUE AND CORRECT**

Barbara J. O'Connor  
Council Administrator

Date July 10, 2007**ENROLLED**

Riley Bonforce  
Council President

Date July 10, 2007**BY THE COUNCIL**

Read the third time.

Passed: LSD 07-21

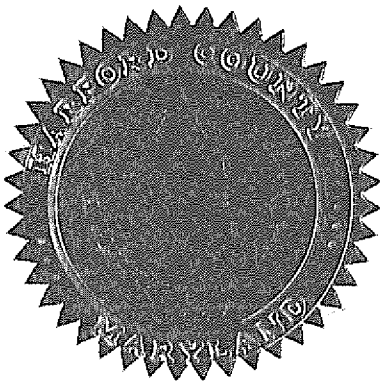
Failed of Passage: \_\_\_\_\_

By Order

Barbara J. O'Connor  
Council Administrator

Sealed with the County Seal and presented to the County Executive for approval this 11<sup>th</sup> day of July, 2007 at 3:00 p.m.

Barbara J. O'Connor  
Council Administrator

**BY THE EXECUTIVE**

David R. Craig  
COUNTY EXECUTIVE

APPROVED: Date July 17, 2007**BY THE COUNCIL**

This Bill No. 07-17 having been approved by the Executive and returned to the Council, becomes law on July 17, 2007.

EFFECTIVE DATE: September 1<sup>st</sup>, 2007

Barbara J. O'Connor  
Barbara J. O'Connor,  
Council Administrator

**BILL NO. 07-17**